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Roman Kepczyk • Oct. 27, 2022



The rate of technological innovation continues to accelerate across all industries and while accounting has often been viewed as overly cautious and a somewhat slow technology adopter, the reality is that we are also being drawn into the relentless waves of technological change.

While my primary role is consulting with firms to implement and benefit from innovative, proven, and currently available technologies, I spend a lot of time looking to other industries for evolutionary technologies that could make their way

into the accounting profession and bolster our firm's production processes. In that

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towards adopting advisory services highlighted weaknesses in these existing systems, which are not evolving rapidly enough to incorporate advisory projects, pointing forward-thinking firms to look elsewhere. Expect to see cloud-based solutions with robust enterprise resource planning (ERP) capabilities to flow into our profession if current accounting workflow vendors don't step up development of their own tools to address client accounting and advisory (CAAS) production.

Security Technology: The sophistication and capabilities of hacking groups are accelerating beyond the defense capabilities of most accounting firm's IT teams, so it is critical that firms make security solutions a priority by outsourcing to managed security providers with enterprise-class capabilities. While most firms are already using two-factor authentication applications, we anticipate an additional layer of security eventually being required such as physical fobs or biometrics (iris/fingerprint scan or facial recognition). Microsoft, Google, Apple, and even MFA vendor Okta are promoting these alternate solutions that could replace current passwords for logins by eliminating them altogether.

Microsoft Innovation: Firms have long relied upon the Microsoft Office tools to improve productivity and the accounting profession has embraced the Office suite to integrate with and support accounting applications. Throughout COVID we saw Microsoft enhance their Teams platform making it integral for collaboration both within firms and with clients. Watch for an expansion of collaboration features this year such as Bookings (scheduling), Excel Live (live collaboration in Teams), Lens (PDF Scanner), Viva (employee-experience), and Clipchamp (creating learning videos) tool improve individual collaboration.

Artificial Intelligence: Most accountants are aware of the benefits of linking applications together with APIs (Application Program Interfaces) to automatically transfer data for payables, payroll, expenses, etc. directly into the accounting

program as part of their firm advisory “Tech Stack.” Many of these tools claim to

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Dashboards/Scorecards: Accountants are adept at understanding financial reporting and many have amazing skills in analyzing operational reporting for clients. One of the cruxes of developing advisory services is helping clients better understand their businesses and identify opportunities to improve them which can be done by streamlining the flow and timeliness of business information. Financial reporting tools such as Microsoft Power BI, Tableau, and Domo allow accountants to capture critical business information in near real time to assist clients in making better decisions on an ongoing basis rather than waiting for reporting after month-end. When integrated with the APIs and data transfer tools mentioned above, accountants will be able to create dashboards and business scorecards to provide up to the minute business results.

Blockchain/Decentralized Finance: Most accountants are familiar with the Blockchain concept due to their (or their client's) forays into cryptocurrency. While cryptocurrency gets all the attention (both good and bad), the underlying blockchain technology is being applied to conduct specific business transactions more efficiently and we expect smart contracts and decentralized finance to become the practical implementation of blockchain in the years to come. Smart contracts are agreements written in code on the blockchain that are “self-executing” when terms between the contracted parties are met and could for instance, facilitate payments for services or convey title for property. The concept of Decentralized Finance (DeFi) allows for peer to peer transactions or exchanges (eliminating financial institutions) that are recorded on the blockchain so they are trackable and irrefutable.

Augmented Reality: If you have ever used a smartphone app to look at the stars and see outlines and names of constellations on the screen or used a heads-up display in your car that shows your current speed (and the speed limit), you have experienced augmented reality. Imagine talking with a client and having current tax information projected on the inside of your eyeglasses by invoking “Alexa” or “OK-Google” like

commands which are capabilities built into the next generation of smartglasses such

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and interact with these businesses, which in reality are potential customers that may *prefer* to interact in this way. The accounting profession is already making inroads in the Metaverse with accounting vendor Wolters Kluwer and CPA firms such as PwC and Prager Metis buying virtual real estate to attract and interact with clients.

With such significant change becoming the norm, it is important that firms not only identify technological opportunities but that adapt their culture to successfully implement and institutionalize these technologies (including quickly un-learning old ways). Today's environment requires compressed learning cycles, so we expect firms to proactively adopt learning culture tools including dedicated learning management systems and organization tools via Teams/Yammer. While all of these innovations may not impact firms exactly the way as described above, it is important to understand that they are all coming and will be part of our firm's and client's futures.

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